Supreme Court, U.S.
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No. 03-409

IN THE

Supreme Court of the United States

KP PERMANENT MAKE-UP, INC, PETITIONER

v.

LASTING IMPRESSION I, INC;
MCN INTERNATIONAL, INC.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR PETITIONER

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PETITION FOR WRIT FILED AUGUST 18, 2003
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QUESTION PRESENTED

Does the classic fair use defense to trademark infringement require the party asserting the defense to demonstrate an absence of likelihood of confusion, as is the rule in the 9th Circuit, or is Fair Use an absolute defense, irrespective of whether or not confusion may result, as is the rule in other Circuits?

PARTIES TO THE PROCEEDING

Petitioners

Petitioner K.P. Permanent Make-Up, Inc. (hereinafter "KP") is a California Corporation. Petitioner has no parent corporation and there is no publicly held company owning 10% or more of Petitioner's stock.

Respondents

Respondent Lasting Impression I, Inc. (hereinafter "Lasting") has no parent corporation and no publicly-owned shareholders. Respondent Mei-Chi-Na Beauty International, Inc. sued as MCN International, Inc., has no parent corporation and has no publicly owned shareholders.

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The April 30, 2003, opinion of the Ninth Circuit [Pet. App.1a-20a] is reported at 328 F.3d 1061. The May 16, 2001, order of the District Court [Pet. App.22a-31a] granting petitioner's motion for summary judgment and the judgment entered thereon in favor of petitioner, is unreported.

JURISDICTION

The Ninth Circuit's opinion was filed on April 30, 2003. Petitioner's timely petition for rehearing was denied on May 20, 2003. The Petition for Writ of Certiorari was filed on August 18, 2003, and granted by this Court on January 9, 2004. This Court has jurisdiction pursuant to 28 U.S.C. § 1254(1).

RELEVANT PROVISIONS INVOLVED

This Case involves a determination of the elements of the Fair Use Defense to an incontestable trademark as specified in Section 33(b) (4) of the Lanham Act which appears at 15 U.S.C. § 1115(b)(4). The relevant text appears below. The full text of 15 U.S.C. §1115(b) is set forth at [Pet. App. 32a-34a]

> **(4)** That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a

term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin;

STATEMENT OF THE CASE

The parties to this case are competitors in the field of micropigmentation, which is more commonly known as permanent make-up. That is to say, the parties to this case supply and distribute pigment colors to permanent make-up practitioners who in turn inject them into the skin of their clients and/or patients. Permanent makeup is similar to a tattoo, in that both are created by injecting pigment into the skin. Tattoos are of course meant to stand out and be noticed, whereas permanent make-up is used for cosmetic purposes such as to enhance eyebrows, or hide a scar.

The essential facts to this case are undisputed.[1] KP has been using the term microcolors to describe its selection of pigment colors since 1990 on flyers, and since 1991 on its pigment bottles. [KP's Motion for Summary Judgment, exhibits H and I][2] J.A. 195-196.

[1] Although, there may be a dispute as to whether or not Lasting's trademark is descriptive, the resolution of this dispute should not play a role in the outcome of this case. (Please see Section IB of the Argument, infra)

[2] To corroborate KP's claim of prior use, KP submitted 14 declarations from its customers as evidence of KP's continuous prior use. The declarations were gathered in haste as part of an opposition to a Request for a TRO. After the Request for a TRO and preliminary injunction were denied, the declarations were re-submitted to the Court as part of KP's motion for summary judgment. [These declarations are attached to the Machat Declaration in Support of KP's Motion for Summary Judgment] J.A.104-117.

Lasting Impression applied for a trademark registration of a mark consisting of a stylized formulation of the words "micro colors" in 1992. In 1993 the trademark office issued a trademark registration for Lasting's logo mark. Lasting has a license agreement with MCN pursuant to which MCN markets pigment colors under Lasting's logo trademark.

In 1999, KP expanded its use of the phrase microcolors by using the term micro colors on just one page of its 10 page brochure. (Please see Pet. App. 35a-44a for the complete brochure, and Pet. App. 41a for the use of micro color in particular.) J.A. 197-206; J.A 200.

Thereafter, Lasting Impression and its licensee MCN sent KP a cease and desist letter demanding that KP stop using the term micro color. KP filed a lawsuit for declaratory relief in the United States District Court for the Central District of California. Federal Jurisdiction was conferred on the District Court by 15 U.S.C. Section 1121 (a) and by 28 U.S.C. §1338 (a), in that the case arose under the Trademark Laws of the United States, 15 U.S.C. §§1051, et. seq.

KP filed a motion for summary judgment and/or summary adjudication, and Lasting and MCN filed a motion for summary adjudication. The District Court denied Lasting's motion for summary adjudication and granted KP's motion for summary judgment, finding that the term "micro color" is generic, and if not generic, then descriptive. The District Court then determined that neither party had acquired secondary meaning in the term "micro color". Finally, the district court found that KP's use was protected under the fair

use defense, 15 U.S.C. § 1115 (b) (4), noting that Lasting and MCN had conceded that KP used the term micro colors in a descriptive sense and not as a trademark[3], and that since KP had been using the mark since 1990, its use was fair. The District Court stopped there, and concluded it need not go further and make a determination of likelihood of confusion.

The District Court also found that the entire logo containing the words "micro color" was valid and protected but that the words "micro colors" on their own were not. The District Court recognized that Lasting's registered logo mark was incontestable, but it held that the logo mark's incontestable status did not apply to the term "micro-colors" because the registration was for the "micro colors" logo and not merely the term.

On Appeal, the Ninth Circuit reversed and remanded the matter for trial on the issue of likelihood of confusion. The Appellate Court disagreed with the District Court's findings that micro colors was generic and that Lasting itself had used the term "micro colors" in a generic sense. Second, the Appellate Court ruled that the District Court erred in requiring Lasting to demonstrate secondary meaning in the term micro colors apart from the logo mark, ruling that the District Court misapplied the Supreme Court decision of *Park 'N Fly*, 469 U.S.189 (1985). Third, the Appellate Court ruled that before concluding that KP's use of the term micro colors fell under the ambit of the Fair Use defense, the District Court should have first conducted a likelihood of confusion analysis. The Appellate opinion acknowledged[4] that KP was the prior user of

[3] [Pet. App. 29a.]
[4] [Pet. App 3a-4a.]

the term "microcolor", but evidently held that it was still necessary for the District Court to conduct a likelihood of confusion analysis prior to finding fair use.

The Descriptive Nature Of Micro Colors

Since Lasting denies that micro colors is a descriptive term[5], it is perhaps helpful to briefly discuss the descriptive nature of the term micro colors. KP contends that because Lasting has admitted "micropigmentation" and "pigmentation" are synonyms, and "pigment" and "colors" are used interchangeably in the industry, "micropigments" and "microcolors" are also synonyms. Story Depo. at 34:8-12 (J.A. 71:8-12); 34:13-35:17 (J.A. 71:13-73:17); McKinstry Depo. at 72:22-24 (J.A. 93:22-24); 73:8-24. (J.A. 94:8-95:24) In the words of the District court, "one can naturally conclude that micro colors and micro pigments are also synonyms.'" [Pet. App. 25a]

KP also argues that Respondent MCN used microcolors in a generic sense. In the bottom right hand corner of their brochure, MCN warns its customers: "BEWARE: MICRO-COLORS® Pigment is the first and only MICRO-COLORS available by MCN." [Story Deposition, Exhibit O] J.A. 210. The District Court interpreted this to mean: "While the first 'micro colors' phrase refers to Defendants' [Lasting's and MCN's] trademark, the second does not, and "demonstrates the species within the genus." [Pet. App. 26a] The Ninth Circuit interpreted the same sentence differently. [Pet. App. 13a]

[5] [Opposition to Petition for Cert. p.2]

Along these same lines, the District Court agreed with KP that when industry competitor TATTOOING printed its October 1998 brochure, it too used microcolors as a generic term, as in: "OUR MICRO COLORS ARE THE BEST IN THE WORLD. [Story Deposition, Exhibit G fourth line from top, and Pet. App. 28a.] J.A. 194. The Ninth Circuit did not discuss this piece of evidence.

SUMMARY OF THE ARGUMENT

This case, perhaps, will one day be referred to as the follow-up case to *Park 'N Fly, Inc., v. Dollar Park and Fly, Inc* ., 469 U.S. 189, 194; 105 S.Ct 658, 661; 83 L.Ed. 2d 582. In *Park 'N Fly*, this Court held that in an infringement action involving an incontestable mark, one could not defend on the grounds that the mark is merely descriptive, or put differently, this Court held one could not argue that an incontestable mark lacks secondary meaning. *Id* at 205. The dissent raised serious concerns about the potential anti-competitive effects the decision would have on commercial speech by not allowing a defendant to challenge the secondary meaning of a clearly descriptive mark that has inadvertently escaped the attention of the trademark examining attorney and through time become incontestable.

In rendering its decision, the majority did not address whether or not the words "park" and "fly" were or had become merely descriptive. *Id* at 199. Moreover, the issue of whether or not the alleged infringer, Dollar Park and Fly, was nevertheless

entitled to invoke the fair use defense, as codified in 15 U.S.C. § 1115(b)(4), was not discussed either.[6]

There are various similarities between *Park 'N Fly* and the case now before this Court. Both cases involve registered marks that have become incontestable, and both cases involve a logo mark. More significantly, both cases concern descriptive words that have become part of a registered trademark. The case now presented allows this Court to limit the potential commercial monopolization of descriptive terms. By adhering to a strict interpretation of the statute, and ruling that a district court is not required to undergo a likelihood of confusion analysis when deciding if a use of a disputed term is a fair use, this Court will lessen the potential damaging impact a clearly descriptive incontestable trademark granted through error will have on commercial speech. Conversely, if this Court follows the Ninth Circuit's interpretation, the owner of a clearly descriptive incontestable mark will have far greater rights to descriptive words than imagined by Congress.

This Court's prior decisions in *Delaware & Hudson Canal Co. v. Clark*, 80 U.S. 311, 20 L.Ed. 581, 13 Wall. 311 (1872) and *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528, 44 S.Ct. 615, 616, 68 L.Ed 1161 (1924) make clear that it is permissible for a defendant to make a fair use of a descriptive term even if there is resulting confusion. Section 33(b)(4) of the Lanham Act is a statutory codification of this common

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[6] Perhaps the reason fair use was not raised is simply because the underlying dispute arose within the 9th Circuit, and with the district court having found a likelihood of confusion, the fair use defense would not have been available within that Circuit.

law. Research into the statutory history of the act shows that this claim is supported by the words of Fritz Lanham himself.

In the instant matter, the statutory language is clear. There are only three elements to the fair use defense: (1) that the term not be used as a mark; (2) that it be used descriptively; and (3) that it be used fairly and in good faith. The words "likelihood of confusion" do not appear in section 33(b)(4) of the Lanham Act. The good faith element refers to the *intent* of the actor as opposed to the *effect*. As long as one does not set out to trade on the good will of another, then good faith can be found, even if the effect is to create confusion. But if one were to intentionally set out to trade on the good will of another, then this would be bad faith, and the defense of fair use would not be available.

Unfortunately, the Ninth Circuit does not distinguish between intent and effect. Instead, the Ninth Circuit focuses solely on the effect of the use. By focusing on the effect, the Ninth Circuit ignores the plain meaning of good faith, and in essence negates the defense. As put best by the Fourth Circuit, "If a fair-use defense is not to be considered when there is a likelihood of confusion, then it is never to be considered. The fair use defense comes into play only when infringement – including a likelihood of confusion – has been established. A defense which can be considered only when the prima facie case has failed is no defense at all. *Shakespear Company v. Silstar Corp. of Am.* 110 F.3d 234, 243 (4th Cir. 1997). In order to avoid making Section 33(b)(4) superfluous, this Court needs to reverse the Ninth Circuit decision. "A statutory interpretation that renders another statute superfluous

is of course to be avoided. *Dastar v. 20th Century Film Corporation* 539 U.S. 23, 156 L.Ed.2d 18.

ARGUMENT

I. THE STATUTORY LANGUAGE AT ISSUE IS PLAIN AND UNAMBIGUOUS

As this Court has often stated, "As in all statutory construction cases, we begin with the language of the statute. The first step 'is to determine whether the language at issue has a plain and unambiguous meaning with regard to the particular dispute in the case.' *Barnhart v. Sigmon Coal Co., Inc.*,534 U.S. 438, 450; 122 S.Ct. 941, 151 L.Ed.2d 908 (2002) (citing *Robinson v. Shell Oil Co.*, 519 U.S. 337, 340, 117 S.Ct. 843, 136 L.Ed.2d 808 (1997) and *United States v. Ron Pair Enterprises, Inc.*, 489 U.S. 235, 240, 109 S.Ct. 1026, 103 L.Ed.2d 290 (1989)). The inquiry ceases "if the statutory language is unambiguous and 'the statutory scheme is coherent and consistent.' *Id.*

The Fair Use Defense only has three elements: (a) use of the term is not as a trademark or service mark; (b) use of the term is done "fairly and in good faith"; and (c) use of the term is only to describe goods or services . 15 USC §1115(b). There is no fourth element that says a court must also find a lack of likelihood of confusion.

A. Use of the term not as a Mark.

The first element of the fair use defense requires that the proponent of the defense not use the disputed term as a mark. Usually when a defendant is using the

disputed term as a mark, there will also be a likelihood of confusion. Because of this, sometimes courts correctly deny the fair use defense, but for the wrong reason. "When the products involved are similar, 'likelihood of confusion' may amount to using a word in a 'misleading' way, violating 15 U.S.C. § 1125(a)(1) – not because the likelihood of confusion makes the use nondescriptive, but because the confusion about the product's source shows that the words are being used, de facto, as a mark. And the defense is available only to one who uses the words of description "otherwise than as a mark." *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1059 (7th Cir. 1995)

An issue concerning this first element typically arises in the context where the proponent of the defense uses the disputed term after or adjacent to the proponents' trademark. An example of this is found in *Leathersmith of London, Ltd. v. Alleyn*, 695 F.2d 27 (1st Cir. 1982), in which the plaintiff had a registration for the word Leathersmith and the defendant called its business TANTALUS Custom Leathersmiths and Bookbinders. *Id.* at p. 29. The use was found to be fair. *Id* at 30-31.

B. Use of the term only to describe goods or services.[7]

The third element of the fair use defense, "use of the term is only to describe goods or services" is almost the inverse of the first element. If the disputed term is being used as a mark, then it most probably is not being used to only describe goods or services. And if the disputed term is being used only to describe goods or services, then it is probably not being used as a mark. In this regard, it has been held that, "Emphasis of a descriptive term on packaging does not show that the term is being used as a trademark." *Eli Lilly and Co. v. Revlon, Inc.* 577 F. Supp. 477, 486 (S.D.N.Y. 1983). Also, the use of a mark to attract public attention is not necessarily use as a trademark. *Citrus Group, Inc. v. Cadbury Beverages, Inc.*, 781 F.Supp. 386, 391-392. (D.Md. 1991). "Virtually ever aspect of a product's trade dress is intended to catch the eye of the purchaser. Unless attention is drawn to the particular word or terms as being indicative of source of origin of that product, the term is not being used as a trademark." *In re Schmid Laboratories v. Youngs Drug Products Corp.*, 482 F.Supp 14, 20-21 (D.N.J. 1979.)

In its opposition to the petition for writ of certiorari, Respondent raised the issue of whether the

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[7] The Ninth Circuit makes a distinction between nominative fair use and classic fair use. "Nominative fair use occurs when the alleged infringer uses "the [trademark holder's] mark to describe the [trademark holder's] product, *even if the [alleged infringer's] ultimate goal is to describe his own product.*" [Pet. App. 16a]. Because the Ninth Circuit applied the classic fair use defense to KP, KP does not discuss nominative fair use.

descriptive element refers to the trademark registrant's mark or to the use of the disputed term. Whether the mark is descriptive or not is not the issue. Instead, one needs to look at the descriptive use of the term by the proponent of the defense. In this respect, both the Second Circuit and the Ninth Circuit are in agreement. As the Second Circuit clearly stated, "But it should make no difference whether the plaintiff's mark is to be classed on the descriptive tier of the trademark ladder. . . . What matters is whether the defendant is using the protected word or image descriptively, and not as a mark." *Car-Freshner Corp. v. S.C. Johnson & Son, Inc.*, 70 F.3d 267, 269; 36 U.S.P.Q.2d 1855 (2d Cir. 1995) More recently, the Ninth Circuit came out with a similar holding, "We similarly have allowed classic fair use of a suggestive mark, which carries both an unprotectable primary meaning and a protected secondary meaning." *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 907 (9th Cir. 2003). "[T]he § 1115(b)(4) classic fair use defense can apply to a mark regardless of its classification as descriptive, suggestive, arbitrary, or fanciful, so long as the mark carried a descriptive primary meaning and a trademarked secondary meaning." *Id.*

It seems that the only Appellate Court to state that the Fair Use Defense requires that the plaintiff's mark be descriptive is the Third Circuit. *Institute for Scientific Information, Inc. v. Gordon & Breach, Science Publishers, Inc.*, 931 F.2d 1002, 18 U.S.P.Q.2d 1527, 1533 (3d Cir. 1991), cert. denied, 502 U.S. 909, 116 L. Ed. 2d 245, 112 S. Ct. 302 (1991). A closer reading of the case suggests that the words used by that Court were a hasty generalization that described the facts of that particular case before that court; because of the obvious descriptive nature of the mark at issue in that

case, (ie. CURRENT CONTENTS) it did not matter that the Court made such a generalization, and the statement could be characterized as dicta. A careful reading of the statute seems to clearly indicate that the word descriptive does not refer to the trademark registrant's mark but rather to the use made of the mark by the proponent of the defense.

C. Used Fairly and in Good Faith

This prong is the most confusing of the prongs, and it is this element that gives rise to the biggest confusion. Professor McCarthy claims, "The better view is that it is inconsistent to find both likely confusion and a fair use." McCarthy, supra, §11.17. Kane, on the other hand writes, "So long as defendant's use is descriptive, in good faith, and not as a trademark, it will be permitted even if it causes likely confusion." Kane, Trademark Law 173 (1987). The Restatement (Third) of Unfair Competition follows those cases that recognize fair use as an independent defense to infringement. The Ninth Circuit have chosen to follow McCarthy's opinion. The Second Circuit agree with Kane. "Fair use is a defense under the Lanham Act even if a defendant's conduct would otherwise constitute infringement of another's trademark." *Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond's USA Co.*, 125 F.3d 28, 43 U.S.P.Q.2d 1956 (2d Cir. 1997)

The Ninth Circuit's view is contrary to the plain meaning of the statute. Those that say there cannot be a fair use if there is a confusing use do not give the words "good faith" their ordinary meaning. Good faith is a mental state. Traditionally, if one wants to determine if someone is acting in good faith, one

attempts to determine that person's intent. If we want to know if someone has acted in good faith, we usually undertake an analysis of what the actor was thinking. In other words, we look at the actor's mens rea. The concept of good faith entails the possibility of a potentially undesirable result that is excusable. Sometimes society excuses certain behavior or acts because those acts or behavior were undertaken with a good intent. This is certainly true in criminal law, and it is true in civil law as well.

In the context of interpreting the statute at the heart of this dispute, the words good faith must be given their ordinary meaning. This entails an inquiry into the intent of the proponent of the defense. In the Ninth Circuit, the rule is to look at the *effect* of the descriptive use of the mark as opposed to the *intent* of the party making the descriptive use of the mark. And herein lies the confusion.

When one person sets out to trade upon the good will of another, naturally there most likely will be a resulting likelihood of confusion. This would be an example of bad faith that would render the fair use defense inapplicable. However, when one person sets out merely to use a descriptive term truthfully to describe his or her own goods, without intending to call attention to the goods of the trademark registrant, then we have good faith. And if there happens to be a resulting likelihood of confusion as a result of the good faith use of a descriptive term to describe one's goods or services, then that is the fault of the trademark registrant for choosing such a descriptive term to begin with. As the Second Circuit stated, "If any confusion results, that is a risk the plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase." *Id at* 43.

The case of *Leathersmith of London, Ltd. v. Alleyn*, 695 F.2d 27 (1st Cir. 1982), further illustrates this point. In that case, the 1st Circuit was presented with a situation where the trademark registrant obtained a trademark registration of a generic if not descriptive name, ie., Leathersmith. The second part of the Court's opinion, at pages 30-31, analyzes the facts of the case without considering likelihood of confusion. It makes reference to a lack of evidence of any *intent* to deceive customers or to appropriate plaintiff's good will, (*Id* at 31) creating the inference that even if there were a likelihood of confusion, since the defendant had no intent to cause any confusion, the fair use defense would still be applicable. The issue is not one of actual likelihood of confusion, but rather whether or not there was an intent to create an actual likelihood of confusion, so that it would be possible to trade off the plaintiff's good will.

The Restatement (Third) of Unfair Competition also illustrates the point. The comments to the Restatement describe both "Manner of use" and "Good Faith". In discussing good faith, the Restatement makes reference to the intent of the actor, as in, "However, if the evidence establishes that the subsequent user intends to trade on the good will of the trademark owner by creating confusion as to source or sponsorship, the use is not in good faith." And the Restatement points out that, "Knowledge of a prior trademark use of the term does not in itself prove a lack of good faith." *Id., comment d.*

In discussing manner of use, the Restatement discusses the prominence of the use of the descriptive term, the presence of the defendant's own trademark in conjunction with the descriptive term, the physical nature of the use, the degree to which the descriptive

meaning of the term is relevant to the goods of the subsequent user, whether or not the term is only marginally descriptive, the absence of alternative terms capable of adequately describing the pertinent characteristic, etc. *Id., comment c.*

As is plainly obvious, the Restatement is discussing variables one might naturally take into consideration when deciding whether or not a party is acting fairly and in good faith. Because the courts cannot read parties' minds, the courts need to refer to tangible evidence to help it judge what the intent of the actor was. The Restatement is citing objective factors that a court might want to take into account in order to determine what the actor's subjective state of mind was.

D. The absence of likelihood of confusion is not an element of the statute.

The absence of likelihood of confusion is not a fourth prong to the defense. Its only relevance is due to judicial confusion between effect and intent. Good faith is determined by the intent of the actor, not by the effect on the business of the owner of the descriptive mark.

Stated differently, it is possible for one to descriptively use a term, otherwise than as a mark, fairly and in good faith, and for there to be a resulting likelihood of confusion. There will sometimes be the case where a likelihood of confusion results, not due to the strength of a plaintiff's mark, but rather due to the weakness of the plaintiff's mark. In this scenario, the plaintiff's mark can be so weak that it does not function (or hardly functions) as a mark, and any resulting likelihood of confusion would be due to a lack of

secondary meaning in the mark. For example, take the LITE trademark of Miller. (US Trademark Registration No. 1385379.) That trademark is limited to the exact logo of the word lite. The logo itself may be a strong mark, but the word apart from the logo is weak. Let's examine the use of the word "lite", apart from the logo. Suppose someone were to walk into a strange bar, looking to try out one or more new beers. He tells the bartender, "I want a beer that's not too heavy and not too strong. Let me have a lite beer." The bartender might naturally respond, " We have a few light beers. Which one would you like?" In this scenario, we have a likelihood of confusion due to the lack of secondary meaning in the phrase lite beer.[8] The same can be said with regard to the term microcolors apart from a logo. Any possible confusion that might ever result in the use of just the words micro colors would be attributable to the weakness of the mark and its lack of secondary meaning.

Park and Fly seem to be two more words that when joined together as a trademark form a weak mark. Any perceived confusion over the use of the words park and fly amongst various airport parking

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[8] Miller actually did attempt to acquire monopoly rights to just the word "LITE". *Miller Brewing Company v. G. Heileman Brewing Company, Inc.*, 561 F.2d 75 (7th Cir. 1977) *cert denied*, 434 U.S. 1025, 98 S.Ct. 751, 54 L.Ed.2d 772. Fortunately, commonsense prevailed, and although Miller subsequently obtained an incontestable trademark registration in the LITE logo, the trademark rights in the registration only attach to the logo and not the word "lite" apart from the logo. But what if the trademark application had slipped through without Miller having to disclaim the word "Lite," and Miller then waited five years for it to become incontestable?" Then Miller would be in the same position Lasting is in today, and would be able to claim a monopoly in the word "lite" when used to describe beer.

lots is most probably due to a lack of secondary meaning in the words park and fly without the logo. Just like beer companies should be free to use the word light or lite to describe their wares, airport parking lots should be able to use the common descriptive words park and fly in describing their services.

So to summarily hold that there can be never be fair use when there is a finding of likelihood of confusion, unfairly adds a fourth element to the statute which effectively eviscerates the fair use defense altogether. As the Fourth Circuit puts it, "It defies logic to argue that a defense may not be asserted in the only situation where it even becomes relevant. If a fair-use defense is not to be considered when there is a likelihood of confusion, then it is never to be considered. The fair-use defense comes into play only when infringement – including a likelihood of confusion –has been established. A defense which can be considered only when the prima facie case has failed is no defense at all. While it is true that *to the degree* that confusion is likely, a use is less likely to be found fair, it does not follow that a determination of likely confusion precludes considering the fairness of use." *Shakespeare Company v. Silstar Corp. of Am.*, 110 F.3d 234, 243 (4th Cir. 1997). And as this Court has stated most recently in *Dastar v. 20th Century Film Corporation* 539 U.S. 23, 156 L.Ed.2d 18, " A statutory interpretation that renders another statute superfluous is of course to be avoided. *E.g., Mackey v. Lanier Collection Agency & Service, Inc.*, 486 U.S. 825, 837, and n. 11, 108 S.Ct. 2182, 100 L.Ed.2d 836 (1988)."

Any rule that forces a defendant to prove no likelihood of confusion as an element in the fair use defense in essence shifts the burden of proof of the case in chief from the plaintiff to the defendant. This was

never the intent of the drafters of the Lanham Act, nor of the drafters of the subsequent amendments to the Lanham Act. As stated in the Senate Report No. 100-515, May 12, 1988, prepared in connection with the 1988 Trademark Law Revision Act, "Third, it [ie., Section 30(1) of the bill] makes clear that incontestability does not relieve the owner of an incontestable registration from the burden of proving likelihood of confusion."

Yet, if this Court were to adopt the Ninth Circuit view of the fair use defense, the proponent of the defense would have to prove an absence of likelihood of confusion. (Please also see, *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 909, fn5 (9th Cir. 2003) "Therefore, whereas plaintiff carries the burden of persuasion in a trademark infringement claim to show likelihood of confusion, (citation omitted) the nominative fair use defense shifts to the defendant the burden of proving no likelihood of confusion.")

E. The District Court was correct in ruling KP's use of micro colors was protected by the Doctrine of Fair Use.

Applying these factors to the present case, it is easy to see why the District Court found that KP was making fair use of the micro colors term. The District Court noted that Lasting conceded KP is not using the term as a service mark or trademark. [Pet. App. 29a][9] The District Court also noted that Lasting also argued KP is using the term micro colors 'descriptively on bottling labels and seminar flyers to identify KP's

[9] Because KP asserted both the fair use defense and the prior use defense, Lasting found itself in a conundrum. In order to dispel the prior use defense, Lasting convincingly argued that KP was not making trademark use of the term microcolors, and that KP's use was a descriptive use

pigment colors or shades. [Pet. App. 29a] The District Court then concluded that: "Elements one and three have been established." [Pet. App. 29a]

Turning to the second factor, the District Court placed great importance on the fact that KP was the senior user of the term "microcolors." It concluded that, "Because Plaintiff [KP] began using the mark before Defendants [Lasting] used theirs, and has continued use of the phrase, Plaintiff argues its use was done fairly and in good faith. The Court agrees." [Pet. App. 29a]

KP anticipates that Lasting will argue that on the only page of KP's ten page brochure where KP uses the words micro color, KP does so in an attention getting way which constitutes a trademark use, in their opinion. Although the District Court specifically may not have made a distinction between KP's use of the term on its labels and KP's use of the term in its brochure, implicitly at least, it seems that the District Court also found that KP's use of the term in the brochure was also a fair use.

From both a cursory and thorough examination of the brochure (a copy is found at Pet. App. 35a-44a) J.A. 197-206, it seems pretty evident that KP's trademarks are both the letters KP and the logo consisting of the letters KP followed by an eye. Although the use of the term micro colors on that one page of the brochure is eye catchy, as the court in *In re Schmid Laboratories v. Youngs Drug Products Corp.*, 482 F.Supp 14, 20-21 (D.N.J. 1979) stated: "Virtually ever aspect of a product's trade dress is intended to catch the eye of the purchaser. Unless attention is drawn to the particular word or terms as being indicative of source of origin of that product, the term is not being used as a trademark." Since KP uses the

words "micro color" only once in the middle of its 10 page brochure, it would be hard to make out a case that the use was anything but other than as a trademark and only to describe its goods. Furthermore, in keeping with its pattern and habit of using the term microcolor to describe its micropigmentation colors, it was only natural for KP to use the term micro color on its chart of micropigmentation colors. It would seem odd if the chart had a different description than the labels on the bottles themselves. It is also significant to note that KP's use of the words micro color on that one page of its brochure was dramatically different from Lasting's use of micro colors. (Please compare Pet. App. 41a with Exhibit Q from Story Deposition.) J.A. 200, 211 Also KP's logo and trademark are found all over the brochure including on the same page as its use of micro color.

Finally, it is important not to lose sight of the generic if not descriptive nature of the words in question. There are only a few words available to use to describe the liquid that gets injected into the skin. There are micro pigments, micro colors, color pigments, and pigment colors -- all of which mean the same thing. The District court noted that: "[O]ne can naturally conclude that micro colors and micro pigments are also synonyms.'" [Pet. App. 25a]. If there were any confusion, which KP specifically denies any possible confusion[10], the confusion would be due to the lack of secondary meaning in the words "micro colors" apart from the logo. Indeed the District court specifically found a lack of secondary meaning to micro colors apart

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[10] The relevant class of prospective customers are permanent make-up technicians. Since they perform a medical type procedure and need to be concerned about potential liability issues, they quite naturally fully read the labels and do not confuse one brand with another.

from the logo. [Pet. App. 28a-29a][11] Hence it is simple to conclude that KP's only use of the term micro color on its 10 page brochure was done fairly and in good faith, as was its use on labels.

II. THE ORIGIN OF THE NINTH CIRCUIT'S RULE IS HAZY AT BEST.

There does not appear to be a rational basis for the Ninth Circuit's dogmatic view other than to say the Ninth Circuit has simply confused effect with intent. It appears that the Ninth Circuit may have adopted its current rule without careful consideration. It appears that the Ninth Circuit borrowed its rule from a Fifth Circuit case, which court in turn did not give the issue careful consideration, but instead copied a sentence from Professor McCarthy written in 1973. It seems that McCarthy, himself is unclear on this matter.

In this case now before this Court, the Ninth Circuit cites three cases as authority for its ruling that a District Court must address the issue of likelihood of confusion prior to finding fair use. (Pet. App. 17a.) Those cases are: *Lindy Pen Co. v. Bic Pen Corp*, 725 F2d 1240, 1248 (9th Cir. 1984); *Transgo, Inc. v. Ajac Transmission Parts Corp*,. 911 F.2d 363, 366 n2 (9th Cir. 1990) and *Cairns v. Franklin Mint Co.*, 292 F. 3d 1139, 1150 (9th Cir. 2002). A close examination of each case reveals holes in the logic behind the 9th Circuit's law of fair use.

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[11] The fact that the District Court misapplied *Park N' Fly* in addressing the issue of secondary meaning does not take away from the fact that it found a lack of secondary meaning, even though it should not have addressed the issue.

In *Cairns*, the Ninth Circuit merely recite their law without any explanation (292 F. 3d at 1150) other than a citation to both *Lindy Pen* and *Transgo*. In *Lindy Pen*, at 725 F2d 1248, it is apparent that the defendant was using the disputed term as a trademark, so the fair use defense was not even applicable.[12] The *Transgo* Court also does not attempt to give an explanation for its ruling. Instead, at 911 F.2d 366, the Transgo Court blindly follow a 5th Circuit case, *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 791 (5th Cir.1983) as its authority for its law on fair use. No further explanation is tendered.

The *Zatarains* Court in turn at 698 F.2d 791, refers to a statement by Professor McCarthy in his 1973 edition of McCarthy on Trademarks and Unfair Competition, in which he mistakenly stated, "The holder of a protectable descriptive mark has no legal claim to an exclusive right in the primary, descriptive meaning of the term; consequently, anyone is free to use the term in its primary, descriptive sense so long as such use does not lead to customer confusion as to the source of the goods or services. *See* 1 J. McCarthy, *Trademarks and Unfair Competition* § 11.17, at 379 (1973)." (McCarthy has of course written a great

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[12] We conclude that Bic is making a trademark use of the word "Auditor's," and is not immune from liability for infringement on the basis of the fair use defense. *Lindy Pen*, supra at 725 F2d 1248. As the Seventh Circuit pointed out in *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F. 3d 1055 (7th Cir. 1995): "When the products involved are similar, 'likelihood of confusion' may amount to using a word in a 'misleading' way, violating 15 U.S.C. § 1125(A)(1) – not because the likelihood of confusion makes the use nondescriptive, but because the confusion about the product's source shows that the words are being used, de facto, as a mark. And the defense is available only to one who uses the words of description 'otherwise than as a mark'." *Id.* at 1059.

treatise, but like all men, he too, sometimes can be mistaken.)

So therefore, the 9th Circuit's authority for its view ironically seems to depend on the Fifth Circuit, in which the most recent authority goes the other way. "[A] fair use of a term may be protected even if a likelihood of confusion exists. . . . Otherwise, a markholder could "appropriate a descriptive term for his exclusive use and so prevent others from accurately describing a characteristic of their goods." *Pebble Beach Co. v. Tour 18 1 Ltd.*, 155 F.3d 526, 547 n12 (5th Cir. 1998) quoting *Soweco, Inc. v. Shell Oil Company*, 617 F. 2d 1178, 1185 (5th Cir. 1980). "If defendant's use of a term to fairly describe a characteristic of its goods creates a likelihood of confusion, then plaintiff should adopt some other method of distinguishing its goods from those of defendant. He cannot deprive defendant of his statutory defense once defendant has established the elements of that defense, as defendant has done here." *Id.* at 1189.

III. THE LEGISLATIVE HISTORY OF SECTION 33 OF THE LANHAM ACT SUPPORTS REVERSAL.

The concept that one should not be able to use a trademark to obtain a monopoly over a descriptive term predates the Lanham Act by many years. This Court in *Delaware & Hudson Canal Co. v. Clark*, 80 U.S. 311, 20 L.Ed. 581, 13 Wall. 311 (1872), a case involving trademark rights within the coal industry, stated:

> It is not necessary that a word which may be adopted as a name and trade-mark

> should be a new creation never before known or used, to entitle it to be so adopted. Any word in common use may be taken, if its application be original, and so far peculiar as to be capable, when known to the public, of distinguishing the property of the party so adopting it, and to which it may be attached, from that of other parties. *In such case the right of the public to use the word is not abridged. It can be used as originally and in any and every other way imaginable, except in its peculiar combination with the word 'coal.'* The exceptions to the right to appropriate a *word* for a trade-mark are, that it cannot be done when the word adopted is merely used as descriptive of *quality*, as in the case of *Stokes* v. *Landgraff*, or of *Corwin* v. *Daly*, or of *Amoskeag Manufacturing Company* v. *Spear;* or where it is the proper name for the article, as in the case of the 'Schnapps,' the subject of controversy in *Wolfe* v. *Goulard;* or where it has by general use become the appropriate name of an article, which all persons manufacturing the same may use, as in the case of 'Dr. Johnson's Yellow Ointment,' or that of 'The Essence Of Anchovies.' *Id* at 317. (Footnotes omitted. Emphasis added)

Approximately 52 years later, in *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528, 44 S.Ct. 615, 616, 68 L.Ed 1161 (1924), this Court addressed the same concern. The Respondent in that

case had come out with a drink named Coco-Quinine which also was a description of the ingredients of the drink itself. The petitioner had come out with a similar tasting drink made also from quinine and chocolate and called its drink Quin-Coco. This Court stated that, "The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product." *Id* at 528.[13]

The legislative history to the Lanham Act indicates that the authors and Congress did not intend to change existing law regarding the fair use defense, as established in *Delaware & Hudson Canal Co. v. Clark*. In the words of the man whose name is given to the act in question, Mr. Lanham stated:

> Mr. LANHAM. Mr. Speaker, the legislative history of this act is long and extensive. Many hearings have been held over a period of almost 8 years. Those hearings may, and probably will, be referred to by the courts in construing and interpreting the provisions of the act. However, there is one provision in the act which has no recorded legislative history,

[13] This Court did however go on to find unfair competition by the petitioner principally because the petitioner was using the name of its drink as a trademark that was similarly confusing to the brand name being used by respondent. Thus, if the Lanham Act had been enacted at that time, and if 15 U.S.C. 1115(b)(4) were the law at the time, the fair use defense as stated therein would not have been applicable to the petitioner because the petitioner was using the descriptive term not just as a descriptive term, but as a mark.

> and in order that the purpose and intent of the House may be made perfectly clear, I wish this statement to appear in the RECORD as an explanation of our intent and as a part of the legislative history of the act. . . . .
>
> * * *
>
> However, section 33(b) contains seven exceptions to the rule that the certificate of registration shall be conclusive evidence of the rights of the registrant even where the provisions of section 15 have been met. Some doubt has been expressed on the following points:
>
> First. Do these seven exceptions, including the amending paragraph (7) with reference to the violation of the antitrust laws of the United States, lay down substantive rules of law or substantive defenses which go to the validity and enforceability of the mark, or do they relate only to the weight of evidence to be given to the certificate of registration?
>
> Second. What is the meaning of the words, "used to violate the antitrust laws," as found in paragraph (7) of paragraph (b) of section 33?
>
> It is clear from the language of the act and from the congressional history of

the act as it is found in the hearings and reports that the seven "defenses or defects" listed under paragraph (b) of section 33 are intended to relate to and to affect the weight of the evidence to be given to the certificate of registration where the owner claims the benefit of the incontestable rule and where the opposite party can, by the weight of the evidence, establish any one of the things listed in the seven paragraphs in paragraph (b); **but these seven paragraphs are not intended to enlarge, restrict, amend, or modify the substantive law of trade-marks either as set out in other sections of the act or as heretofore applied by the courts under prior laws.** Congressional Record of June 25, 1946, at page 7524: Also found in, *Jerome Gilson*, Trademark Protection and Practice, Vol. 9, pages IV-194 to IV-195.(emphasis added)

Earlier, in 1939, as part of Mr. Lanham's report from the Committee on Patents, at the first session of the 76th Congress, in House of Representative Report No. 944, in explaining the purpose of all trademark legislation, Mr. Lanham wrote:

> Finally, any legislation on this subject must have as its object the protection of trade-marks, securing to the owner of the goodwill of his business and protecting the public against spurious and falsely marked goods. The matter has been approached with the view of protecting trade-marks and making infringement and piracy unprofitable. This can be done without any misgivings and without the fear of fostering hateful monopolies, for no monopoly is involved in trademark protection.

Trade-marks are not monopolistic grants like patents and copyrights (Trade-Mark cases, 100 U.S. 82). In *Prestonettes v. Coty* (264 U.S. 359), Mr. Justice Holmes said (368):

> It (a trade-mark) does not confer a right to prohibit the use of the word or words. It is not a copyright. * * * A trade-mark only gives the right to prohibit the use of it so far as to protect the owner's goodwill against the sale of another's product as his. H.R. 944

Virtually the same language quoted above in the House Report appears in Senate Report No. 1333. Clearly, the enactment of the Lanham Act was never intended to allow a party to claim a monopoly on a descriptive term as Lasting is attempting to do with micro colors.

To further illustrate the point, there was a debate in Congress over whether or not to include the word necessary in the fair use defense, as in, "or of a

term or device which is merely descriptive of and necessary truthfully to describe to users the goods or services of the defendant,. . . " This language is found in H.R.5461 [1941] [14]. In arguing for the rejection of the word necessary from the subsection in question, Mr. Martin argued:

> "If, for example, someone should register the term "jackknife," and secure an incontestable right after 5 years' continuous use, and somebody else came along and in a normal way in his business used the term "jackknife" and this man sued him, and the defendant said, "Why, I am just using the English language," the plaintiff could say, "No; under this provision here you cannot use that term 'jackknife' because I have an incontestable right in it." "But," he says, "I am not using it as a trade-mark. I am using it in a normal way to describe this product." And the plaintiff says, "But it is not necessary to use that word to truthfully describe it. You can use 'pocket knife.'" Now, if you go along that line and

[14] The full text of the paragraph read: "That the use by the defendant of the term or device charged to be an infringement is not a use as a trade or service mark and in a manner not likely to deceive the public, of the defendant's individual name in his own business, or of the individual name of anyone in privity with the defendant who uses his own name in his own business, or of a term or device which is merely descriptive of and necessary truthfully to describe to users the goods or services of the defendant, or of a term or device which is primarily descriptive of their geographic origin." H.R.5461 [1941]

somebody else registers "pocket knife," it would not be long until that man would have a lot of trouble describing his product, and it was because of that that the American Bar Association thought this term necessary "truthfully to describe" goes entirely too far.

With hesitation I say that I disagree with Mr. Rogers. I don't think that any court has ever held that the test is whether it is necessary to truthfully describe." *Hearings on H.R. 102, H.R. 5461, and S. 895 Before the Subcommittee on Trademarks of the House Committee on Patents, 77th Cong., 1st Sess. 63-74 (1941)*

Later, in the same debate, Mr. Martin states:

> "Quite right, Mr. Chairman, but what we have got to look at the public viewpoint. We cannot just look at the trade-mark owner's viewpoint. Everybody has got a right to the use of the English language and has got a right to assume that nobody is going to take that English language away from him." *Id.*

The word necessary was of course deleted from the statutory language.

IV. REVERSAL OF THE NINTH CIRCUIT DECISION WOULD BETTER SERVE THE PUBLIC'S INTEREST IN PRESERVING FREEDOM OF SPEECH WHILE STILL PROTECTING THE PROPERTY INTERESTS OF TRADEMARK HOLDERS.

The goals of trademark protection need to be balanced against the need to prevent the erosion of words in the public domain. As Judge Kozinki observed 11 years ago in a dissenting opinion; "Something very dangerous is going on here.... Overprotecting intellectual property is as harmful as underprotecting it. Creativity is impossible without a rich public domain." *White v. Samsung Electronics America, Inc.*, 989 F.2d 1512, 1513 (9th Cir.1993) Later, Judge Kozinki further commented: Intellectual property rights aren't free: They're imposed at the expense of future creators and of the public at large.... This is why intellectual property law is full of careful balances between what's set aside for the owner and what's left in the public domain for the rest of us." *Id.* at 1516.

If this Court does not reverse the ruling below, but instead adopts the Ninth Circuit interpretation of the Fair Use Defense, then businesses will constantly be at risk when developing ad campaigns. The most a lawyer would be able to do when advising a client about adopting a prospective marketing campaign that uses a descriptive term that is also part of a competitor's trademark would be to advise the client to proceed with caution. That even though descriptive terms are supposed to be free for all to use to truthfully describe their goods or services, there may be some consumers who will become confused as to the source of the client's goods. As a result, businesses merely seeking

to truthfully and in good faith use a common everyday term found in the dictionary to only describe its goods would eventually find itself embroiled in litigation with a ruthless competitor seeking to make it difficult and cumbersome for others to advertise.

It is an unfortunate fact that there are some businesses that will use this uncertainty to its advantage against competitors with less financial resources. It is not uncommon for businesses to seek a trademark registration for a purely descriptive or even generic term. In cases like this, the trademark applicant wraps the descriptive and/or generic term around a logo and applies for a logo mark. An example of this is revealed in *Sweats Fashions, Inc. v. Pannill Knitting Co.*, 833 F.2d 1560, 4 U.S.P.Q.2d 1793 (Fed. Cir. 1987), where the trademark registration protected the logo of Sweats but not the word Sweats itself. Once a registered trademark is issued, the competitor can use the registration itself to threaten smaller competitors with litigation, even though the registration includes a descriptive term that should be free for all to use. Without the law on this matter being clear, a small company may just give up its right to continue using the descriptive term simply to avoid the costs of litigation. The only way to make the law clear is to adhere to the plain meaning of the statute, and not consider likelihood of confusion.

Petitioner believes this is exactly what happened in this case. Lasting obtained a logo registration of a descriptive term to prevent its competitors from using the same descriptive term in its marketing. One competitor, Tattooing, had at one time written in its brochures, "'Our Micro Colors are the best in the world.' However Tattooing has agreed to stop using the "micro colors" phrase at Defendants' request."

(Pet. App.28a) Petitioner contends this is merely because Tattooing, Inc did not want to go through the time and energy defending against a federal lawsuit. In contrast to Tattooing's business decision, Petitioner instead chose to fight for its right to continue using a descriptive term to describe its goods and services.

The Ninth Circuit is on a road to progressively rewriting the Lanham Act and in the process granting monopolies to trademark registrants who obtain incontestable marks for descriptive words.[15] The competing free speech concerns are being neglected within the Circuit.

The Ninth Circuit has shifted the effective burden of proving likelihood of confusion from the trademark registrant to the accused infringer in classic fair use cases. More recently, in cases involving nominative fair use, there now seems to be a split within the Ninth Circuit as to who bears the burden of proof concerning likelihood of confusion in those cases too. (Please see *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 909, fn5 (9th Cir. 2003) where the court shifts the burden from the trademark registrant to the accused infringer.)

The world needs protection when an obviously descriptive term and perhaps even a generic term escapes the attention of the examining attorney at the USPTO, and as a result, a registered mark is subsequently mistakenly granted. If the descriptive term is the most salient feature of the mark, then under

[15] In *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135 (9th Cir. 2002), the court noted that "It is difficult to conceive of a term [Entrepreneur] that would be more descriptive of the contents of the plaintiff's magazine." Yet, citing the incontestability of the magazine's mark, it proceeded on a road to make it difficult for entrepreneurs to use that very word.

current law, this purely descriptive term can obtain trademark protection. After a short number of years, if no one challenges the descriptive mark, it can become incontestable, even though it may have been granted by mistake. The dissent in *Park 'N Fly*, supra at 206, was very concerned about this type of situation. In order to remedy the concern that a merely descriptive mark may obtain incontestable status, the dissent in that case argued, one should be able to challenge the validity of an incontestable mark on the ground that it is merely descriptive. The majority opinion pointed out that there were other statutory provisions available to rectify the trademark register and/or enable the public to continue using the descriptive term. One of these other statutory provisions, is the Fair Use Defense, *15 U.S.C. §1115(b)*. But as we have seen, the Fair Use defense is no more than a fiction within the Ninth Circuit. It has been eviscerated. If there is no likelihood of confusion, then the defense never really comes into play, and one attempting to use it must deal with the perils of assuming the burden of proof over the likelihood of confusion issue.

This Court noted that the dissent in *Park 'N Fly* disagreed with the balance struck by Congress in determining the protection to be given to incontestable marks. *Park 'N Fly 469* U.S. supra at 202. In order to prevent the balance from swinging too far the other way, it is vitally important that this Court strike down the Ninth Circuit's analysis of the Fair Use defense, and adopt the plain meaning of the statute as the law of the land.

Also, the decision of the Ninth Circuit needs to be overturned to keep down the costs of defending free speech. If the decision is affirmed, the burden of proving or disproving likelihood of confusion will have

been shifted to an alleged infringer. In this case, one wishing to stand up for his or her rights to use ordinary words to truthfully describe his or her goods or services will almost always have to go to trial[16] and incur massive costs in paying for expensive surveys[17].

The Second Circuit's common sense interpretation of the statute seems not only logical, but also fair. Why should a defendant be forced to go through the expense of conducting a survey (to prove a lack of likelihood of confusion) or going to trial (again to prove no customer confusion) if all he is doing is using a descriptive word or phrase to truthfully describe his goods or services?

CONCLUSION

For all of the foregoing reasons, KP respectfully urges this Court to: (1) Reverse the Ninth Circuit opinion; (2) Rule that: "So long as an alleged infringer's use is descriptive, in good faith, and not as a trademark, it will be permitted even if it causes likely confusion" and (3) Find that KP's use of the term "micro colors" is a fair use under the statute.

Dated this 19th day of April, 2004.

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[16] As the Ninth Circuit notes, "determining whether a likelihood of confusion exists at the summary judgment stage is generally disfavored. . ." (Pet. App.18a)

[17] In borderline cases where evidence of actual confusion is not available or is not overwhelming, the gap should best be filled by a properly conducted survey of the relevant class of prospective customers of the goods or services at issue." *McCarthy*, supra at §23.17.

Respectfully submitted,

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